CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jeffrey L. Clet

SUBJECT: SEE BELOW

DATE: May 23, 2005

Approved	/s/	Date	06/02/05

SUBJECT: FIRE DEPARTMENT RESPONSE TO REQUEST FOR INFORMATION ON OVERTIME VERSUS RELIEF

RECOMMENDATION

Consistent with the recommendation contained in the Fire Department's March 2005 overtime report to the Making Government Work Better (MGWB) Committee, staff recommends that it return to the City Council on an annual basis in December of each year (beginning in December 2005), with a comprehensive report to ensure that overtime funding and relief staffing levels are measured, funded, and managed.

BACKGROUND

As part of the 2005-2006 Budget Study Session discussions on the Public Safety CSA, the following information is presented.

In response to a report issued in April 2001 by the Office of the City Auditor, on March 17, 2005, the Fire Department presented to the MGWB a comprehensive report on Fire Department overtime. This report (Attachment No. 1) contained the following:

- Analysis of absence and vacancy rates;
- Review of minimum staffing levels;
- Identification and analysis of salary cost drivers, especially benefit and retirement rates;
- Analysis and development of a program for addressing the administrative, preventative, and non-emergency operational needs of the community and Fire Department;
- Analysis and calculation of the costs impacting the Fire Department budget when an employee retires or separates from the City;
- Analysis and calculation of the costs associated with the firefighter-paramedic accreditation process and the new-hire firefighter recruit academies; and,
- Comprehensive review of the nature and scope of the Fire Department's current modified duty program.

This report also presented an analysis of, and recommendation for, adjusting the relief staffing formula developed in 1992. The goal of the updated formula is to ensure that the Fire Department uses a formula to establish the most economical mix of relief staffing and overtime.

In summary, on shifts where less than the MOA required daily minimum staffing (DMS) levels of 193 line personnel are filled with scheduled personnel, overtime or relief personnel must be assigned to meet the DMS levels. To determine the most cost effective and operationally efficient method to back-fill DMS absences and vacancies, the following considerations were made:

- Comparison of overtime to relief position costs;
- Evaluation of the impact of increased overtime activity on work-related injury rates; and,
- Identification of the nature of the absence - partial or whole shifts.

As a result of this analysis, the Fire Department 2005-2006 Base Budget overtime was adjusted to fund the overtime costs associated with meeting its DMS requirements.

ANALYSIS

Generally, a firefighter position, including benefit costs, costs the City approximately 9-15% less than overtime, depending on rank and within certain limits to be discussed shortly. Currently, the least costly approach for meeting DMS is to back-fill for absences and vacancies by using relief positions. The art of determining the right mix of relief and overtime is based on how absences and vacancies occur.

Absences and vacancies vary throughout the year depending on variables such as when vacation leave is used, when employees sustain work-related injuries, and when employees retire. To determine the most economical relief staffing model, absence and vacancy hours were calculated using data from Fiscal Year 2003-04 for each rank, per pay period. To ensure that there were not too many relief positions staffed at periods of low absence or vacancy rates, the relief model is based on using relief positions to back-fill absences and vacancies when there are the fewest hours of absence and vacancy during the year. This is referred to as the baseline.

The attached charts (Attachment Nos. 1-5 of the MGWB March 17, 2005 Report – Attachment No. 1 to this report) plot absence and vacancy hours, per rank, per pay period. As these charts demonstrate, there is a different baseline for each rank. This is largely due to the total number of positions per rank and the years of seniority per rank. In summary, the baseline for each of the ranks is as follows:

- Battalion Chief – 183 absence/vacancy hours per pay period
- Fire Captain – 3,237 absence/vacancy hours per pay period
- Fire Engineer – 4,430 absence/vacancy hours per pay period

- Firefighter-Paramedic – 2,295 absence/vacancy hours per pay period
- Firefighter-EMT – 1,863 absence/vacancy hours per pay period

Once the baseline is established, it can then be determined, by rank, how many relief positions should be staffed and how much additional overtime funding is required to fill the remaining absence and vacancy hours above the baseline.

Currently, the Fire Department has a total of 99 relief line personnel to back-fill absences and vacancies. The chart below shows the existing number of relief positions per rank:

Daily Minimum Staffing and Relief Staffing – By Rank

Rank	Total Minimum Staffing Positions	Total Existing Relief Positions 2003-2004 Baseline Data	Total Line Positions
Battalion Chief	15	3	18
Fire Captain	132	28	160
Fire Engineer	204	24	228
Firefighter-Paramedic	126	21	147
Firefighter – EMT	102	23	125
Total	**579**	**99**	**678**

Based on the current number of relief positions and the baseline rate, the data suggest that the following adjustment to the Fire Department current relief staffing levels should occur:

- Addition of 1 fire captain
- Addition of 15 fire engineers
- Reduction of 6 firefighters

However, the overtime report to the MGWB Committee did not recommend, at that time, an adjustment to the current relief staffing level. This is due to two factors. First, the historical data that was used covered only one fiscal year. The Fire Department wanted to collect data for one additional fiscal year before recommending any change to the existing relief staffing levels. Second, because the Fire Department has not been able to fill all its vacancies, it is unclear exactly what the relief staffing to overtime mix should be. If the Department were able to achieve full staffing, the number of required relief positions would likely be lower than the current data suggests. As a result, additional relief positions were not recommended to be added at the time of the report; and instead, the Fire Department overtime budget was adjusted to fund the overtime cost of meeting its required staffing levels. The Department however intends to fill all current vacancies in order to establish the baseline necessary to best determine the appropriate relief staff to overtime ratio.

As mentioned earlier, the Fire Department has used a relief staffing formula first developed in 1992. In the future, but adjusted this year based on the most current data available, relief staffing levels will be evaluated on an annual basis to ensure operational effectiveness and fiscal efficiencies. Due to the dynamic nature of the absence and vacancy rates and projected increases in the retirement rate, as discussed in the 2006-2010 Five-Year Economic Forecast, any staffing changes will be conservatively evaluated.

A further significant consideration that the Fire Department will evaluate in bringing forward any recommended change to the existing relief staffing level relates to the impact working additional overtime has on the health and safety of line firefighters. While signing up to work overtime is voluntary, when not enough personnel are signed up, the Fire Department must go to a mandatory system. The current trend, due to the lack of an adequate relief pool during high vacation use periods, has been to rely on mandatory call-back on a much more frequent basis than in the past. We are reaching a critical state due to the rising number of vacancies required to be filled on a daily basis. There are signs of burnout indicated by less people voluntarily signing up, and more individuals being forced to work mandatory call back. This issue becomes more pronounced during the upcoming summer time when additional personnel utilize vacation leave.

Currently, the Fire Department has a total of 69 vacancies, of which 56 vacancies are line firefighter vacancies. This vacancy rate translates into a 10% vacancy rate for line firefighters. In addition to these vacancies, when the maximum vacation slots are used, it creates 26 absences per day.   A 3% sick leave rate and a 3% disability rate adds 10 more vacancies, creating a total of 36 additional positions that must be filled on a daily basis. To meet the DMS requirements of the MOA, each member of the Fire Department would have to work approximately 30 shifts of overtime per year. This equates to approximately three months of additional shift work per person. Were the Fire Department able to fill all of its existing vacancies, the impact of mandated overtime on the existing workforce would significantly decrease. Although we are still developing and analyzing the data, this decrease in the number of shifts of additional overtime worked would result in a reduction to the severity and frequency of job-related injuries.

<u>CONCLUSION</u>

Considerable effort has been given to examining the overtime and relief needs of the Fire Department. The one-year of historical data available currently is insufficient to support specific conclusions. As the Department continues to collect data through its TeleStaff reporting system, a more solid base of information will become available for analysis. An additional component of this analysis is the number of positions filled and absence rate, which can vary markedly from one year to another. The continued accumulation of data and the changing vacancy and absence rates make an annual report to the City Council in December the most effective and timely means of communicating the appropriate balance between overtime and relief staff.
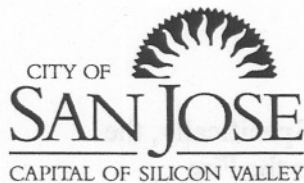
COORDINATION

The preparation of this memorandum has been coordinated with the City Manager's Budget Office.

/s/
JEFFREY L. CLET
Fire Chief

Attachment:
MGWB Committee Report (March 17, 2005)

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: MAKING GOVERNMENT WORK
BETTER COMMITTEE

FROM: JEFFREY L. CLET
LARRY D. LISENBEE

SUBJECT: SEE BELOW

DATE: March 9, 2005

Approved   *Kay Winer*   Date   3/9/05

SUBJECT: **FINAL STATUS REPORT ON THE FIRE DEPARTMENT'S
IMPLEMENTION OF THE CITY AUDITOR'S RECOMMENDATIONS
REGARDING OVERTIME EXPENDITURES**

PURPOSE

The purpose of this report is to present the Making Government Work Better (MGWB)
Committee with an overview and implementation strategy to address the issues identified in the
Office of the City Auditor's April 2001 "Audit of the City of San José Fire Department's
Overtime Expenditures" (Overtime Audit). The Fire Department and the City Manager's Budget
Office have jointly developed this report.

RECOMMENDATION

Staff recommends that the MGWB Committee accept this report in response to the Overtime
Audit Recommendation #s 1-7 and 9, and direct the Fire Department to return to the MGWB
Committee as part of the Fiscal Year 2005/06 Midyear Budget Process (March 2006) with a
report addressing Audit Recommendations #8.

BACKGROUND

Over the last several years, the Fire Department has struggled with bringing in its overtime
expenditures at or under its annual budget. Concern regarding the Fire Department's over-
expenditures of the overtime budget was first expressed by the Fire Department in 1992. In an
attempt to address this issue, the Fire Department developed a methodology for determining the
most economical mix of relief personnel and overtime to meet daily minimum staffing. This
methodology was presented to the City Council and became the basis for determining the mix of
relief staffing levels and overtime funding. This effort and methodology did not remedy the
situation, and the Fire Department continued to annually over-spend its overtime budget.

In April 2001, the Office of the City Auditor released the Overtime Audit. Specifically, the Overtime Audit stated that the following actions needed to occur in order for the Fire Department to better manage overtime:

1. Develop more "accurate and complete management data regarding absence rates and vacancy rates";

2. "Identify current staffing needs";

3. "Improve its ability to project future staffing needs";

4. Make an "assessment of the most efficient and effective means to meet minimum staffing and take into account various intangible factors that can affect the cost-effectiveness of using overtime versus additional relief personnel"; and,

5. "Proactively control those factors that increase absence rates and resultant overtime costs".

The Overtime Audit also made nine specific recommendations:

- *Recommendation #1* – Ensure that fire personnel that are held over properly document the absence they are covering.

- *Recommendation #2* – Calculate an absence rate for each rank using the most reliable and accurate absence rate data available for determining SJFD staffing and overtime needs and management reporting purposes.

- *Recommendation #3* – Analyze vacancy rate data separately for each rank using the most reliable and accurate vacancy rate data available when determining staffing and overtime needs.

- *Recommendation #4* – Develop procedures to ensure that the correct data and proper adjustments are entered into the PeopleSoft and SEARS systems and designate a staff person to monitor and evaluate the PeopleSoft and SEARS data on a regular basis.

- *Recommendation #5* - Report to the City Council updated staffing information December of each year including staffing levels and vacancies by rank, the number of personnel on disability and modified duty, and projected short-term and long-term vacancies.

- *Recommendation #6* – Update its 1992 study regarding the use of relief staff and overtime to meet minimum staffing requirements and annually determine the most efficient and cost effective mix of relief staff and overtime to meet minimum staffing needs.

- *Recommendation #7* – Review sick leave data to establish benchmarks for sick leave use and identify possible patterns of abuse and take appropriate follow-up actions.

- *Recommendation #8* – Implement a proactive sick leave reduction program to inform line personnel of the benefits of conserving sick leave and rewarding personnel with perfect attendance.

- *Recommendation #9* – Evaluate the feasibility of implementing a comprehensive Wellness-Fitness Initiative Program for the SJFD and prepare a budget proposal should the initiative appear cost beneficial.

In September 2004, the Fire Department provided a report to the MGWB Committee with a status update of the Fire Department's accomplishments in meeting two of the nine audit recommendations contained in the Overtime Audit (Recommendation #s 5 and 6). At that time, staff committed to returning to the MGWB Committee in February 2005 with a report to address the cost and operational drivers of overtime and with a recommendation on the most economical mix of relief personnel and overtime to meet daily minimum staffing coverage requirements.

Since presenting this report in September 2004, the staffs of the Fire Department and City Manager's Budget Office have spent countless hours conducting extensive analysis and research regarding the variables affecting overtime and the use of relief personnel. This work-effort included:

- Analysis of absence and vacancy rates;

- Review of minimum staffing levels;

- Analysis and creation of new formulas for determining the most economical mix of relief staffing and overtime;

- Identification and analysis of salary cost drivers, especially benefit and retirement rates;

- Analysis and development of a program for addressing the administrative, preventative, and non-emergency operational needs of the community and Fire Department;

- Analysis and calculation of the costs impacting the Fire Department budget when an employee retires or separates from the City;

- Analysis and calculation of the costs associated with the firefighter-paramedic accreditation process and the new-hire firefighter recruit academies; and,

- Comprehensive review of the nature and scope of the Fire Department's current modified duty program.

In February 2005, the Fire Department and City Manager's Budget Office returned to the MGWB Committee with a status report on its efforts to address the Overtime Audit and committed to return to the MGWB Committee in March 2005 with the completed report. Therefore, the purpose of this report is to meet the long-standing objective of the Fire Department, City Manager's Budget Office, and City Auditor to identify overtime cost drivers and to implement strategies to better control and measure the overtime needs of the Fire Department.

The following section of this report, "Analysis," will be divided into ten brief sections. Each of the first nine sections will address one of the recommendations contained in the Overtime Audit. The final section will address overtime issues identified through the analysis that the Fire Department conducted to prepare this report which were not included in the Overtime Audit. Through our research and analysis, we have found that these additional variables also have a significant impact on the Fire Department's ability to meet its overtime budget target.

As will be discussed in greater detail later in this report, the data staffing collection tool of the Fire Department, TeleStaff, was partially implemented in 2002 and fully operational in 2003. As a result, the analysis and statistical information provided in this report is from the data collected in TeleStaff for Fiscal Year 2003/04. Now that TeleStaff is more operational, additional data is available on a daily basis and analyzed regularly.

ANALYSIS

In order to fully understand the relationship of the services provided by the Fire Department and drivers of overtime, it is important to quickly review our Fire Department service-delivery model.

The Fire Department operates 24-hours daily, 365 days each year and provides services that fall into four general categories – administrative, fire prevention, community outreach, and emergency response. Emergency response services are provided by three divisions (A, B, and C Divisions) of line personnel in the ranks of firefighter-EMT, firefighter-paramedic, fire engineer, fire captain, and battalion chief of line personnel who work a 24-hour shift on an alternating basis. In addition, on a daily basis, one deputy chief is assigned to manage and oversee the overall activities of the on-duty division.

To meet daily minimum staffing levels established in the "Memorandum of Agreement Between the City of San José and the International Association of Firefighter's Local 230" (MOA), the Fire Department must staff 193 line positions in the various ranks identified above. These resources are deployed at 31 fire stations on 43 fire companies. This required staffing level is commonly referred to as daily minimum staffing (DMS). On almost a daily basis, the DMS level has to be supplemented with relief personnel and/or off-duty personnel who are brought back to work on overtime to back-fill DMS assignments due to absences and vacancies.

For operational effectiveness as well as to reduce costs, additional relief staff positions exist in addition to the numbers required to meet DMS levels to provide DMS back-fill. This relief staffing model minimizes the impact on off-duty line personnel who would otherwise be required to be held-over or to return to work on their days-off to cover the DMS position. Currently, this model also provides cost efficiencies for the City, as the salary, benefit, and retirement costs of line positions, depending on rank, are 9% to 15% less costly than the cost of overtime at one-and-one-half times the salary of the rank. If benefit and retirement costs continue to increase, there may come a point-in-time when back-filling the DMS position with overtime would be less costly than using relief positions.

> *Overtime Audit Recommendation #1 – Ensure that fire personnel that are held over properly document the absence they are covering.*

Through the implementation of TeleStaff in 2002, the Fire Department has ensured that staff who are held-over to work overtime properly document the absence they are covering. Further, as discussed in greater detail under Overtime Audit Recommendation #4, staff has expanded its overall oversight and supervision to ensure that DMS levels are properly achieved and documented.

As a result of the data collected in the TeleStaff system, we have been able to establish that in Fiscal Year 2003/04, line personnel worked a total of 7,415 hours of overtime as a result of a hold-over. These hours are distributed over each rank as follows:

Chart No. 1
Hold-Over By Rank – Fiscal Year 2003/04

Rank	Hours During Fiscal Year 2003/04
Battalion Chief	149
Fire Captain	1,522
Fire Engineer	3,907
Firefighter	1,837
Total Hours	7,415

The cause for these hold-over hours generally falls into one of three categories:

1. Line personnel who are scheduled to work at the beginning of a duty assignment are delayed. This can occur for several reasons, however, the most common reason is that the person filling the assignment is working at another fire station and cannot leave that assignment and move to the new assignment until their replacement arrives. In many cases, several members are held-over as a result of overall Fire Department-wide staffing shortages;

2. An emergency incident is in progress during the shift change and the responding crew cannot leave the incident until sometime after the oncoming shift arrives;

3. The last incident that the company responded to just prior to the shift change requires one or more members of the crew to remain after the shift change to complete mandatory reports; and,

4. Personnel certifications for Urban Search and Rescue (USAR), Airport response, and the Hazardous Incident Team (HIT).

Fire Department supervisors and managers will continue to track through TeleStaff how line personnel are being held-over to ensure that they are held-over in accordance with Fire Department policies and procedures and in a way that ensures that the cause for the hold-over is accurately recorded.

Overtime Audit Recommendation #2 – Calculate an absence rate for each rank using the most reliable and accurate absence rate data available for determining SJFD staffing and overtime needs and management reporting purposes.

Over the years, Fire Department staff has not had the data collection tools necessary to accurately track absences by type (vacation, sick, disability, modified duty, compensatory time, funeral, and jury) or by rank. By using TeleStaff beginning in Fiscal Year 2003/04, staff was able for the first time to accurately collect this data. Using historical data from Fiscal Year 2003/04, the Fire Department's line personnel in the ranks of battalion chief, fire captain, fire engineer, firefighter-paramedic and firefighter-EMT were absent a total of 299,191 hours between July 1, 2003 and June 30, 2004. The type of absence is shown below by rank:

Chart No. 2
Absence Hours by Type & Rank - Fiscal Year 2003/04

Rank	Fiscal Year 2003/04 Absence Hours By Type							
	Vacation	Sick Leave	Disability	Modified Duty	Comp. Time	Funeral Leave	Jury Duty	Total Hours
Battalion Chief	4,857	1,457	700	0	451	48	10	7,523
Fire Captain	36,308	15,311	22,797	7,280	1,349	744	42	83,831
Fire Engineer	45,806	21,756	27,249	7,397	1,211	1,577	110	105,106
Firefighter								
Firefighter-Paramedic	23,193	12,617	12,106	5,904	655	905	95	55,475
Firefighter-EMT	19,757	10,748	10,312	5,029	558	771	81	47,256
	42,950	23,365	22,418	10,933	1,213	1,676	176	102,731
Total Absence Hours	129,921	61,889	73,164	25,610	4,224	4,045	338	299,191

This absence rate translates into 441 absence hours per line person, per year. Although these hours of absence are not always taken in full-shift (24-hour) increments, this absence level is equivalent to 18 shifts per year per position. To ensure DMS, each of these absences hours must be back-filled with overtime or relief staff.

As shown below, when these absent hours are translated into an absence rate by rank, the weighted average absence rate for line personnel in the ranks of battalion chief, fire captain, fire engineer, and firefighter is 15.1%.

Chart No. 3
Absence Rates by Rank - Fiscal Year 2003/04

Rank	Line Positions	Annual Hours Worked*	Absence Hours	Absence Rate
Battalion Chief	18	52,560	7,523	14.3%
Fire Captain	160	467,200	83,831	17.9%
Fire Engineer	228	665,760	105,106	15.8%
Firefighter				
Firefighter-Paramedic	147	429,240	55,475	12.9%
Firefighter-EMT	125	365,000	47,256	12.9%
Subtotal	272	794,240	102,731	12.9%
Average	*678*	*1,979,760*	*299,191*	*15.1%*

*Based on 2,920 hours worked per year

The total absence hours per year is variable depending on several factors including the frequency and nature of job-related injuries and the seniority of line personnel who accrue more vacation time-off. Now that the data collection tools are available, staff tracks absence rates on a pay period basis and will, on an annual basis, evaluate absence rates to ensure the most cost efficient and operational effective means for developing a relief-to-overtime ratio.

Overtime Audit Recommendation #3 – Analyze vacancy rate data separately for each rank using the most reliable and accurate vacancy rate data available when determining staffing and overtime needs.

Vacancies have the same impact absences do on overtime costs. When a DMS position is vacant, the position must be back-filled with either overtime or relief to ensure that that the Fire Department deploys a total of 193 line personnel each day. Vacancies occur for two reasons – retirement from the organization and separation from employment.

In Fiscal Year 2003/04, the Fire Department's emergency response line positions were vacant for a total of 107,640 hours. These vacancy hours are shown below by rank:

Chart No. 4
Vacancy Hours and Rate by Rank - Fiscal Year 2003/04

Rank	Line Positions	Annual Hours Worked*	Vacancy Hours	Vacancy Rate
Battalion Chief	18	52,560	2,920	5.5%
Fire Captain	160	467,200	28,224	6.0%
Fire Engineer	228	665,760	51,968	7.8%
Firefighter				
Firefighter-Paramedic	147	429,240	15,404	3.6%
Firefighter-EMT	125	365,000	9,124	2.5%
Subtotal	272	794,240	24,528	3.1%
Total	**678**	**1,979,760**	**107,640**	**5.4%**

* Based on 2,920 hours worked per year

When these vacancy hours are translated into a vacancy rate, as shown above, the weighted average vacancy rate for DMS line personnel is 5.4%. In summary, based on the actual data from TeleStaff for Fiscal Year 2003/04, the total absence and vacancy rates for line personnel is provided below:

Chart No. 5
Absence & Vacancy Hours and Rate by Rank – Fiscal Year 2003/04

Rank	Absence Hours	Vacancy Hours	Hours Requiring Back-fill	Total Absence & Vacancy Rate
Battalion Chief	7,523	2,920	10,443	19.9%
Fire Captain	83,831	28,224	112,055	24.0%
Fire Engineer	105,106	51,968	157,074	23.6%
Firefighter				
Firefighter-Paramedic	55,475	15,404	70,879	16.5%
Firefighter-EMT	47,256	9,124	56,380	15.4%
Subtotal	102,731	24,528	127,259	16.0%
Total	299,191	107,640	406,831	20.5%

Now that the data collection tools are available, staff tracks vacancy rates on a pay period basis and will, on an annual basis, evaluate vacancy rates to ensure the most cost efficient and operational effective means for developing a relief-to-overtime ration.

Recommendation #4 – Develop procedures to ensure that the correct data and proper adjustments are entered into the PeopleSoft and SEARS systems and designate a staff person to monitor and evaluate the PeopleSoft and SEARS data on a regular basis.

Until 2002, the Fire Department used the Supplemental Employee Attendance Reporting System (SEARS) database as its exclusive method of data collection. SEARS was a homegrown database that was prone to a wide range of deficiencies leading to data collection errors. Largely due to the SEARS data collection limitations identified in the Overtime Audit in 2002, the Fire Department implemented the TeleStaff system.

TeleStaff is a software system that was initially developed specifically for the fire service and is now implemented by many large and small fire and police departments throughout the country. Its purpose is a data collection tool developed to track personnel and work history information, including absence and vacancy rates and overtime data. A supplemental benefit in conjunction with its implementation of TeleStaff included building an interface with the City's PeopleSoft payroll system. As a result of this interface, the electronic work history and timekeeping information input into TeleStaff on a daily basis is now downloaded into PeopleSoft to generate bi-weekly payroll reports.

Since TeleStaff's initial implementation in 2002, the Fire Department has undertaken the following actions:

- In 2003, developed procedures and provided Department-wide training on the use of the TeleStaff system;

- In 2003, completed the integration of the system into the PeopleSoft payroll system;

- In 2003, dedicated an analyst to track and analyze TeleStaff data and make budget projections and estimates;

- To ensure management oversight and to address span of control and supervision needs, in mid-2004, the Fire Department reorganized the Fire Department by assigning one existing deputy fire chief to each of the three divisions;

- In 2004, assigned an existing staff captain to each of the three divisional deputy fire chiefs to monitor and manage for accuracy the TeleStaff system, and to ensure that DMS guidelines and rules were followed;

- In 2004, initiated the process of upgrading the TeleStaff system to streamline its use, align its back-filling structure with the rule-sets of the Fire Department for meeting DMS, and enhance its data collection tools to further improve the accuracy of DMS and data collection;

- In late 2004 and early 2005, provided additional training and clearer direction to the battalion chiefs regarding TeleStaff data collection, oversight, responsibility, and management; and,

- In 2005, developed an additional level of data collection within TeleStaff, beyond the individual payroll codes, for differentiating the types and causes of absences and overtime. Full implementation of this additional data collection tool will occur by July 2005.

TeleStaff has become the dominant payroll and overtime data collection tool for the Fire Department. To ensure the quality of the data, the Fire Department will continue to ensure that data is input and managed in an accurate and timely manner. The Fire Department will also strive to implement and update policies and procedures in a timely manner.

Overtime Audit Recommendation #5 - Report to the City Council updated staffing information December of each year including staffing levels and vacancies by rank, the number of personnel on disability and modified duty, and projected short-term and long-term vacancies.

The Fire Department has made a concerted effort over the last year to promote and fill vacant positions. Since July 2004, the Fire Department has hired or promoted: 24 firefighters, 20 fire engineers, 10 fire captains, six battalion chiefs, two deputy directors, and three deputy fire chiefs. The following table details the currently authorized and filled staffing levels and current number of vacancies as of February 2005 for battalion chief, fire captain, fire engineer, firefighter-paramedic, and firefighter-EMT:

Chart No. 6
Current Fire Department Staffing Levels

Rank	Authorized Positions FY 2004/05*	Current Vacancies Through February 2005
Assistant Fire Chief	1	1
Deputy Fire Chief	4	0
Deputy Director	2	0
Battalion Chief**	24	0
Fire Prevention Inspector	11	5
Fire Captain	172	14
Fire Engineer	228	15
Firefighter^	272	22
▪ EMT	125	24
▪ Paramedic	147	(2)
Total	714	57

* This includes all safety personnel, including those line and administrative roles
** Includes one Battalion Chief over-strength position to staff UASI grant-funded position.
^Based on each member of the 2004 Firefighter Academy successfully completing accreditation.

Based on the Department's current 57 position vacancies, the Fire Department is proceeding with the recruitment and selection process necessary to commence a Firefighter Recruit Academy in Summer 2005. Fire Prevention Inspectors are included as part of this analysis because retirements in this classification could also create vacancies in the Firefighter rank, as the result of promotions. In addition, as the Fire Department prepares for the opening of new developer and bond-funded fire stations in 2006 and beyond, additional academies would be necessary in Summer 2006.

With regard to projections of near-term and long-range vacancies, staff has analyzed the Fire Department's current line staff years of service and age ranges. Staff found the following:

Chart No. 7
Retirement Eligibility Based on Years of Service
As of June 2005

Rank	27+ Years of Service	30+ Years of Service	35+ Years of Service	40+ Years of Service	Total
Assistant Fire Chief	0	0	0	0	0
Deputy Fire Chief	1	0	0	0	1
Deputy Director	0	0	0	0	0
Battalion Chief	0	6	0	0	6
Fire Prevention Insp.	1	0	0	0	1
Fire Captain	3	14	1	2	20
Fire Engineer	2	18	2	0	22
Firefighter	1	4	2	0	7
Total	8	42	5	2	57

This data suggests that in addition to the 57 current vacancies, an additional 57 members of the Fire Department are within the window of time when we typically see members of the Fire Department file for retirements. In order to address additional vacancies, the Fire Department will be prepared to conduct two Fire Recruit Academies in the next fiscal year.
With regard to the disability and modified duty program, at any given time, typically 20 members of the Fire Department are on disability leave and approximately 15 members of the Fire Department are active in the modified duty program.

In Fiscal Year 2003/04, a total of 398 workers' compensation claims were filed. Currently, the Employee Services Department prepares a comprehensive annual report tracking Fire Department workers' compensation claims by age, years of service, nature of injury, injuries per rank, injuries per fire company, cost per claim, and average days of disability leave per claim. In the spirit of cross-CSA collaboration, the Fire Department's Safety Officer and Safety Committee meet regularly with the Employee Services Department's Safety Coordinator to evaluate the nature and cause of injuries in order to develop intervention strategies and enhanced safety practices to reduce employee injuries, lost time claims, and costs.

Currently, the Fire Department has a modified duty program which allows employees who are temporarily disabled as a result of an illness or injured (while on or off-duty) to work in a modified duty capacity while they recuperate from their injury or illness. During this period, the employee is assigned to perform administrative duties consistent with the work restrictions developed by their treating physician.

Historically, these modified duty assignments have ranged in duration from a few days to several years. However, generally, an employee spends from a few weeks to a few months in the program, and then, once fully recuperated, returns to his/her regular line position. As previously

discussed, while the employee is serving in the modified duty capacity, his/her position on the line must be back-filled with overtime.

As Chart No. 2 of this report shows, during Fiscal Year 2003/04, 73,164 disability absence hours were back-filled with overtime to ensure that the DMS level was maintained. Staff is currently working on refining the program to align it more closely with the City's Return-to-Work Program. In the unfortunate circumstance when an employee cannot return to the responsibilities of the line position they held prior to their injury or illness, the employee has little choice but to pursue retirement. Historically, some employees have pursued retirement, while other employees have been accommodated in long-term modified duty assignments.

The Fire Department renews its commitment to provide the highest quality data and analysis. As recommended in the Overtime Audit, the Fire Department recommends that it provide to the City Council an annual end of fiscal year report by December of each year on staffing levels, absence and vacancy rates, workers' compensation program statistics, and a forecast of short-term and long-term vacancies. (As a follow-up to this report, the Fire Department recommends that this first comprehensive annual report will be prepared for the current fiscal year, 2004/05, in December 2005.

Overtime Audit Recommendation #6 – Update its 1992 study regarding the use of relief staff and overtime to meet minimum staffing requirements and annually determine the most efficient and cost effective mix of relief staff and overtime to meet minimum staffing needs.

As discussed earlier, when a DMS position is unfilled, either due to an absence or a vacancy, to meet DMS rules, the position must be back-filled. There are three ways in which this can occur: with overtime and/or relief personnel or by higher-classing someone in a lower rank to back-fill the position.

On shifts where there are 193 line personnel or more available to work, someone in a rank lower than the rank where the absence or vacancy occurs could work in the higher rank to back-fill the position. In other words, if an absence or vacancy occurs in the rank of fire captain or fire engineer, a firefighter-paramedic or firefighter-EMT can work higher-class to back-fill the absence or vacancy. This practice accomplishes two things. First, it allows the Fire Department to back-fill the position using an incrementally less expensive rank and second, provides career development opportunities for the individual who is working in the higher rank. This practice has a relatively minimal impact on the overall cost of DMS and has been factored into the overall DMS analysis.

On shifts where there are less than 193 line personnel available to work, overtime or relief personnel must be used to meet the DMS levels. To determine the most cost effective and operationally efficient method to back-fill DMS absences and vacancies, the following considerations were made:

- Comparison of overtime to relief position costs;

- Evaluation of the impact of increased overtime activity on work-related injury rates; and,

- Identification of the nature of the absence - partial or whole shifts - absences requiring only partial coverage, such as three-hours off for a doctor's appointment versus vacations, illness, or injury when personnel are absent for one or more full shifts.

Because relief positions cost the City approximately 9-15% less than overtime, depending on rank, and within certain limits to be discussed shortly, currently the least costly approach for meeting DMS is back-fill for absences and vacancies by using relief positions. The art of determining the right mix of relief and overtime is based on how absences and vacancies occur.

Absences and vacancies vary throughout the year depending on variables such as when vacation leave is used, when employees sustain work-related injuries, and when employees retire. To determine the correct relief staffing model, absence and vacancy hours were calculated using data from Fiscal Year 2003/04 for each rank, per pay period. To ensure that there were not too many relief positions staffed at periods of low absence or vacancy rates, the relief model is based on using relief positions to back-fill absences and vacancies when there are the fewest hours of absence and vacancy during the year. This is referred to as the baseline.

The attached charts plot absence and vacancy hours, per rank, per pay period (Attachments 1-5). As these charts demonstrate, there is a different baseline for each rank. This is largely due to the total number of positions per rank and the years of seniority per rank. In summary, the baseline for each of the ranks is as follows:

- Battalion Chief – 183 absence/vacancy hours per pay period

- Fire Captain – 3,237 absence/vacancy hours per pay period

- Fire Engineer – 4,430 absence/vacancy hours per pay period

- Firefighter-Paramedic – 2,295 absence/vacancy hours per pay period

- Firefighter-EMT – 1,863 absence/vacancy hours per pay period

Once the baseline is established, it can then be determined, by rank, how many relief positions should be staffed and how much additional overtime funding is required to fill the remaining absence and vacancy hours above the baseline.

Currently, the Fire Department has a total of 99 relief line personnel to back-fill absences and vacancies. The chart below shows the existing number of relief positions per rank:

Chart No. 8
Daily Minimum Staffing and Relief Staffing – By Rank

Rank	Total Minimum Staffing Positions	Total Existing Relief Positions 2003-2004 Baseline Data	Total Line Positions
Battalion Chief	15	3	18
Fire Captain	132	28	160
Fire Engineer	204	24	228
Firefighter-Paramedic	126	21	147
Firefighter – EMT	102	23	125
Total	579	99	678

For the past 13 years, the Fire Department has used the relief staffing formula developed in 1992. Relief staffing levels will be evaluated on an annual basis to ensure operational effectiveness and fiscal efficiencies. Due to the dynamic nature of the absence and vacancy rates and projected increases in the retirement rate, as discussed in the 2006-2010 Five-Year Economic Forecast any staffing changes will be conservatively evaluated and the most efficient cost effective mix of relief staff and overtime to meet minimum staffing needs will be brought forward as part of the annual budget process.

Overtime Audit Recommendation #7 – Review sick leave data to establish benchmarks for sick leave use and identify possible patterns of abuse and take appropriate follow-up actions.

As discussed earlier, absence data was extensively analyzed in the preparation of this report to identify trends and make projections. The sick leave data from Fiscal Year 2003/04 shows that, on average, line personnel took 3.8 shifts of sick leave during the year. In other words, on average, out of the total work year, line personnel were unavailable to work their assigned shift due to sick leave 3.6% of the total year. This includes both personal sick leave and family medical sick leave.

Staff is continuing to analyze this data for trends. Because of shift work, simply looking at which days of the week the sick leave falls on does not provide a roadmap of possible patterns of abuse. Rather, the sick leave use must be plotted on the shift schedule to determine if the leave is occurring in conjunction with the beginning, middle or end of the tour. Similarly, staff is also working on the analysis required to evaluate the coincidence of sick leave usage on days when vacation limits were met under the MOA.

Because of the numerous legal safeguards that ensure an employee has the right to use sick leave, especially family sick leave, without intrusion from the employer, it will remain an ongoing challenge to take appropriate follow-up actions in cases of patterns of abuse. However, line supervisors and managers are commencing the practice of requesting, when appropriate, substantiation for any absence for which sick leave is used, as permitted in the MOA. Finally, staff is working with the Office of Employee Relations on programs to take appropriate follow-up actions when patterns of abuse are identified.

> *Overtime Audit Recommendation #8 – Implement a proactive sick leave reduction program to inform line personnel of the benefits of conserving sick leave and rewarding personnel with perfect attendance.*

Presently, the City is engaged in negotiations on a new MOA with the Firefighters Local 230. Due to these ongoing negotiations and their confidential nature, staff is limited with regard to the information it can provide at this time. As mentioned earlier in this report, staff recommends that it return to the MGWB committee as part of the Fiscal Year 2005/06 Midyear Budget Process (March 2006) with a report addressing Overtime Audit Recommendation #8.

> *Overtime Audit Recommendation #9 – Evaluate the feasibility of implementing a comprehensive Wellness-Fitness Initiative Program for the SJFD and prepare a budget proposal should the initiative appear cost beneficial.*

In prior years, the Fire Department had approximately $211,000 that was used to fund a contract Wellness-Fitness Coordinator. The scope of responsibility of the service provider included conducting annual fitness evaluations, developing specialized exercise and nutrition programs, providing exercise equipment training, and collecting general data regarding the fitness and wellness of line personnel. The Fire Department continues to work with the Employee Services Department to track fitness and wellness information and develop creative, low cost initiatives to assist with employee wellness and fitness.

In addition, Fire Department staff continues to explore the Wellness-Fitness Initiative adopted jointly by the International Fire Chiefs Association and the International Association of Firefighters. Full implementation of this initiative would likely require a meet and confer process with the Firefighters Local 230, and would carry a very heavy price – approximately $800,000 annually to fully implement the Initiative. As staff conducts further research into the benefits of the Initiative, and as the City's fiscal condition improves, staff may return in the future to the City Council with a proposal to implement the Initiative.

> *Additional Overtime Drivers – Administrative/Training Assignment Overtime, Firefighter Recruit Academies, & Firefighter-Paramedic Accreditation*

Thus far, this report has focused on addressing the Overtime Audit. During the process of gathering the data and preparing the required analysis for this report, several additional factors were identified that cause overtime and have led to the Fire Department's regular over-expenditure of its overtime budget. These additional factors include:

- Required discretionary overtime to conduct and provide administrative, fire prevention, and community outreach services;

- Bi-annual Firefighter Recruit Academies;

- The accreditation process for new firefighter-paramedics; and,

- The modified duty program.

Provided below is a brief discussion of these additional overtime causes and their operation and community importance.

<u>Discretionary Overtime</u>

To this point, this report has focused on the Fire Department's overtime funding needs in relationship to meeting the daily minimum staffing rules in the MOA. Because all but a few members of the Fire Department are assigned to line positions to provide emergency service to the community, overtime is also essential to build-in additional staff capacity to engage in non-emergency service. This additional overtime, above what is required to meet DMS, is used to meet the community needs of the City of San José and the operational needs of the Fire Department. The Fire Department's inability to engage in these activities would adversely impact the Fire Department's delivery of non-emergency customer services, participation in inter-and-intra-agency collaboration and coordination, and limit the frequency and duration of skills training for line personnel. For the purpose of this report, this type of overtime will be referred to as **discretionary overtime**.

In the existing Base Budget, partial funding has been provided for the following activities:

- Paramedic continuing education

- Explorer, firefighter recruit, fire engineer, and officer academies

- Public education

- Fire safety inspections and arson investigations

- Recruitment and promotional testing

- Special events

These activities are integral to the customer services that the Fire Department wishes to provide to the community and the training required to insure that Fire Department line personnel perform their jobs in a safe, efficient, and effective manner. Adjustments have been made to the 2005-2006 Fire Department Base Budget to ensure adequate funding is available to provide these services.

Firefighter Recruit Academy and Firefighter-Paramedic Accreditation

Currently, the Fire Department has an allocation to fund the cost of two 16-week Firefighter
Recruit Academies. Through our experience in conducting the last several Firefighter Recruit
Academies, we have found that the Firefighter Recruit Academy curriculum takes 17 weeks, not
16 weeks to teach because of City Holidays. As a result, an adjustment to the 2005-2006 Fire
Department Base Budget has been made to address this issue and ensure sufficient funding is
available.

Further, once a firefighter-paramedic graduates from the Recruit Academy, he/she must
complete the Santa Clara County accreditation process. Our historical experience indicates that
on average it takes a firefighter-paramedic four and one-half months, post Recruit Academy, to
complete the steps leading up to accreditation. While the firefighter-paramedic is completing
his/her accreditation, he/she cannot perform as a firefighter-paramedic and can only serve as a
firefighter. This requires the Fire Department to back-fill the firefighter-paramedic DMS
position for the duration of the accreditation process. Now that firefighter and firefighter-
paramedic staffing levels have been corrected, we anticipate that we will hire approximately 40
firefighter-paramedics each year, depending on which rank (firefighter or firefighter-paramedic)
promotes more frequently into higher ranks in the Fire Department. An allocation for these costs
is included in the 2005-2006 Fire Department Base Budget.

COST IMPLICATIONS

As a result of the collaborative effort between the Fire Department and the Budget Office, the
Fire Department's Base Budget has been adjusted to address these funding shortfalls. This is
truly the first opportunity with complete data, however, that the Fire Department and Budget
Office have had to address the chronic problem of Fire Department over-expenditures for
overtime activities. We are confident that we have used our best efforts to capture and analyze
all the data necessary to make informed recommendations and changes. We also recognized that
a single adjustment or fluctuation within the absence and/or vacancy rate may require additional
adjustments to the Fire Department Base Budget in the future to address these changes.

COORDINATION

Preparation of this report has been in coordination with the following City Departments: Fire
Department, City Manager's Budget Office, City Attorney's Office, and Office of the City
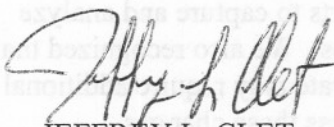Auditor.

CONCLUSION

Since the Overtime Audit was issued in April 2001, the Fire Department has made many efforts to implement its recommendations in a timely manner. However, until recently when the data became available through the recently implemented TeleStaff system, understanding, analyzing, quantifying, and explaining the issues that drive Fire Department overtime and relief staffing levels have been extremely difficult. These overtime drivers, as has been discussed above, are dynamic, complex, and wide in scope.
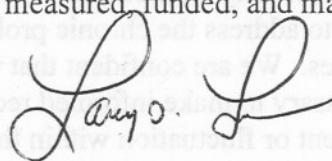
As a result, preparing this report to address Fire Department overtime expenditures and relief staffing levels has given staff the opportunity, for the first time with detailed data, to evaluate all the dimensions of overtime. While the Overtime Audit addressed many of the issues surrounding daily minimum staffing overtime, through the preparation of this report, staff has also identified a wide range of Fire Department operational issues that too have a significant impact on the Fire Department's ability to meet its overtime budget.

As a result of the City Manager's Budget Office's commitment to work with the Fire Department to resolve this long-standing budget issue, significant progress has been made to address the factors which have contributed to the overtime problem. Specifically, through this process, the City Manager's Budget Office has revised the Fire Department's Base Budget to fund Base Budget elements which had historically been under funded because reliable data was not available to make accurate estimates.

To holistically resolve the problem, the Fire Department must, on an annual basis, commencing with the current fiscal year, conduct a comprehensive analysis of its absence and vacancy rates to ensure that overtime funding and relief staffing levels are measured, funded, and managed.
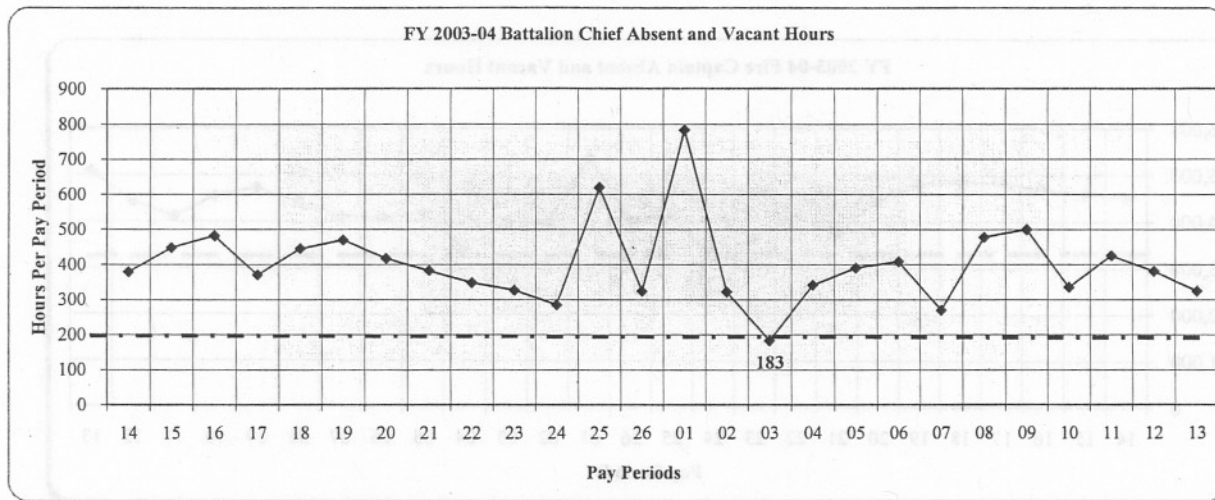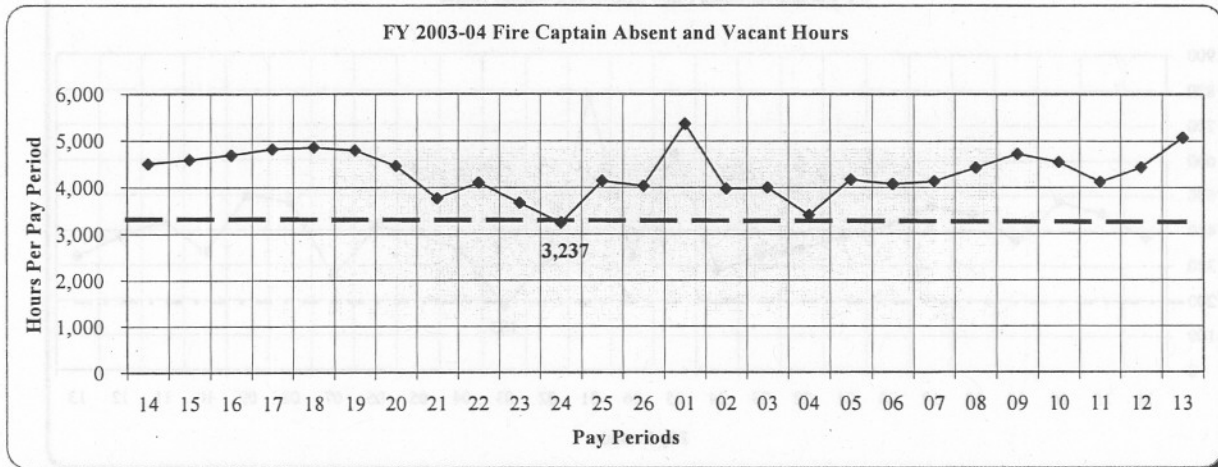
JEFFREY L. CLET
Fire Chief
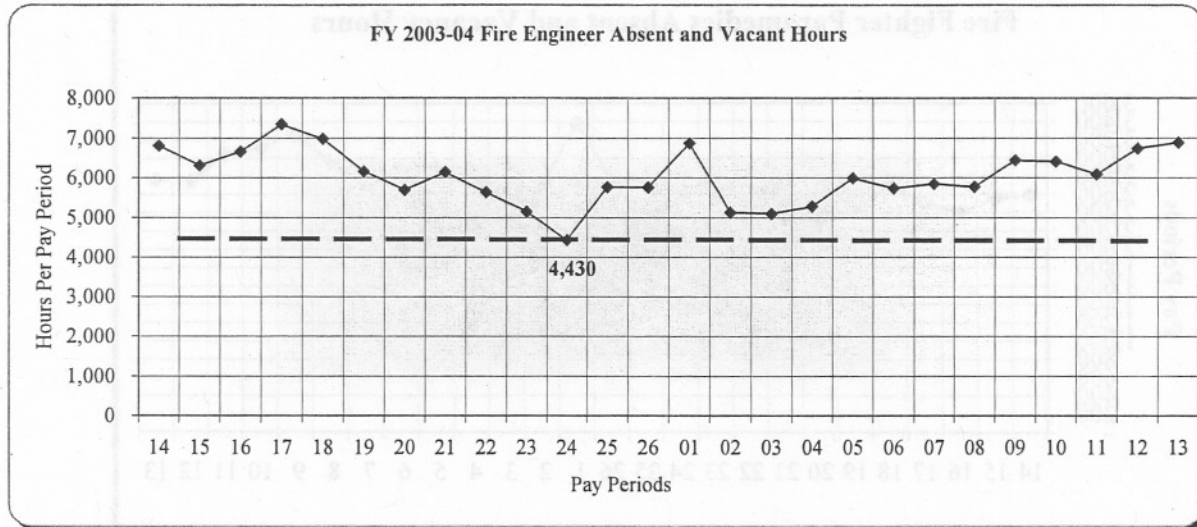
LARRY D. LISENBEE
Budget Director

Attachment No. 1
Relief Staffing Baseline for Battalion Chief

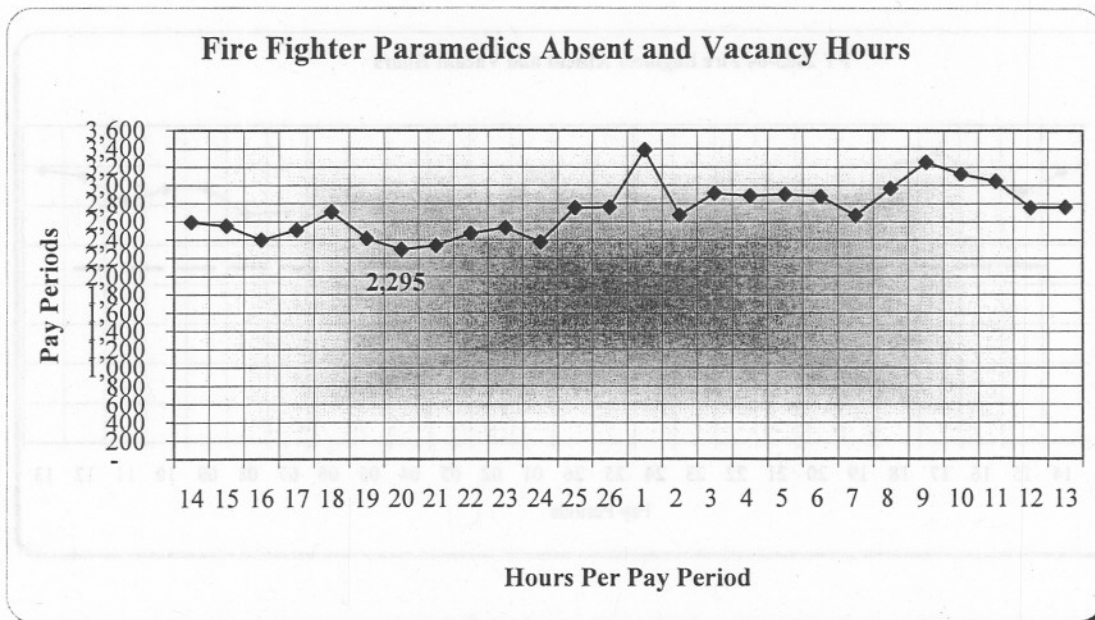FY 2003-04 Battalion Chief Absent and Vacant Hours

Attachment No. 2
Relief Staffing Baseline for Fire Captain

FY 2003-04 Fire Captain Absent and Vacant Hours

3,237

Attachment No. 3
Relief Staffing Baseline for Fire Engineer

FY 2003-04 Fire Engineer Absent and Vacant Hours

Hours Per Pay Period

4,430

Pay Periods: 14 15 16 17 18 19 20 21 22 23 24 25 26 01 02 03 04 05 06 07 08 09 10 11 12 13

Attachment No. 4
Relief Staffing Baseline for Firefighter-Paramedic

Fire Fighter Paramedics Absent and Vacancy Hours

Hours Per Pay Period

Attachment No. 5
Relief Staffing Baseline for Firefighter-EMT

Fire Fighter - EMT Absent and Vacancy Hours